



Bryce Yokomizo
Director

May 9, 2002

Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

**RECOMMENDATION TO AWARD CONTRACTS TO
SOUTH ATLANTIC MEDICAL GROUP, INC.
AND
QTC MEDICAL GROUP, INC.
TO PROVIDE EMPLOYABILITY SCREENING SERVICES
TO GENERAL RELIEF APPLICANTS/PARTICIPANTS
(ALL DISTRICTS - 3 VOTES)**

IT IS RECOMMENDED THAT YOUR BOARD:

1. Find that the services under these contracts can be more economically performed by the contractors than by County employees;
2. Approve and instruct the Chairman to sign the enclosed two-year contract with South Atlantic Medical Group (SAMG), Inc., a private for-profit organization, for the provision of Employability Screening Services to be effective the first business day of the month following thirty (30) days after Board award. The estimated annual contract cost is \$1,383,138, financed by 100% County funds.
3. Approve and instruct the Chairman to sign the enclosed two-year contract with QTC Medical Group (QTC), Inc., a private for-profit organization, for the provision of Employability Screening Services to be effective the first business day of the month following thirty (30) days after Board award. The estimated annual contract cost is \$1,177,034 financed by 100% County funds.

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4. Delegate authority to the Director, DPSS, to prepare and sign amendments to the contract with SAMG and QTC to effect up to three (3) one-year renewals.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The contracts with SAMG and QTC will provide Employability Screening Services for General Relief (GR) applicants/participants. Employability Screening Services are needed to determine a GR applicant's/participant's medical ability to work. The need for such services will remain constant as long as the determination of employability continues to be a condition of eligibility for GR. These services are currently provided through a contract with WATTS Health Foundation, Inc. (WHF) which will expire on June 30, 2002.

Implementation of Strategic Plan Goals

Contracting out for Employability Screening Services is consistent with the principles of the Countywide Strategic Plan's Goal #1, Service Excellence, Strategy #1, to develop user-friendly service standards and Strategy #2 to implement seamless service delivery systems. These services are provided at no cost to the participant.

FISCAL IMPACT/FINANCING

The contracts provide for a fixed unit cost per screening, per region, for the two-year contract term with no cost-of-living increase. Based on the projected number of screenings that will be performed by the contractors, the cost of services for the two-year period is estimated at \$5,120,345. These services will be financed by 100% County funds.

This is a Proposition A contract. As compared against the County cost analysis provided by the Department of Health Services (DHS), the cost for DHS staff to perform these services is estimated at \$7,922,150 for the two-year period (Attachment I). When compared against the County cost analysis provided by DHS, the Department has determined that it would be more economical for the Employability Screening Services to be provided through a contract(s) rather than by County employees. Based on DHS' estimated costs and DPSS' workload estimate, these contracts would result in a savings of \$2,801,805 for the two-year period. The Auditor-Controller has reviewed the cost comparison and, subject to the accuracy of DHS' representations concerning required staffing levels, concurs that these contracts are cost effective.

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The cost of the services is included in the Department's FY 02-03 budget. GR is a County program with no State or federal subvention. The contract costs for employability screenings are borne entirely by the County.

FACTS AND PROVISIONAL/LEGAL REQUIREMENTS

GR is a program mandated by the State of California Welfare and Institutions Code to provide financial assistance to persons not eligible for assistance under State and federal categorical aid programs.

Section 2.102.120 of the Los Angeles County Code requires employable participants to participate in a mandatory employment program as a condition of eligibility for GR. Refusal or failure to comply with these requirements without good cause renders an employable participant ineligible for GR. A participant who states he/she is unable to work due to a physical and/or mental disability and is unable to participate in mandated work-related activities is required to obtain a physician's statement from the contracted provider, DHS or VA, supporting his or her incapacity. All applicants/participants stating they are physically disabled will be referred to the contractor that serves the region for an employability screening to determine his/her ability to work. The County Department of Mental Health performs evaluations for participants needing documentation of unemployability due to mental disabilities.

The award of these contracts will not result in unauthorized disclosure of confidential information and will be in full compliance with federal, State and County regulations. There is no employee impact as a result of these contracts since services are currently being provided by a contractor.

The County may terminate the contracts with a thirty (30) day prior written notice. The contracts also contain a provision that limits the County's obligation if funding is not appropriated by the Board of Supervisors for each year of the contract.

The contracts include the provision for the contractors to first consider hiring County employees targeted for layoff or qualified former County employees who are on a re-employment list during the term of the contract when filling future vacancies. The contracts also require that the contractors consider hiring participants of the Greater Avenues for Independence (GAIN) and General Relief Opportunities for Work (GROW) programs.

The contracts have been approved as to form by County Counsel.

FACTS AND PROVISIONAL/LEGAL REQUIREMENTS (Continued)

Living Wage Ordinance

The Department has evaluated and determined that South Atlantic Medical Group, Inc. and QTC Medical Group, Inc. fully comply with the requirements of the Living Wage Program (County Code Chapter 2.201) and agree to pay their full-time employees providing County services a living wage.

Jury Service Ordinance

The Department has advised South Atlantic Medical Group and QTC Medical Group of the Jury Service Program (County Code Chapter 2.203.020 through 2.203.090) and the contractors agree to fully comply with the requirements, providing their full time employees no less than five days of regular pay for actual jury service on an annual basis.

CONTRACTING PROCESS

Request For Proposals (RFP) #Admin 01-01

In January 2001, DPSS released an RFP to provide Employability Screening Services for GR applicants/participants Countywide. Interest in the RFP was generated through advertisements in twelve (12) newspapers, including publications targeting minority communities, mailing Letters of Interest to 459 potential bidders, including firms listed in the "County of Los Angeles Directory of Minority and Women-Owned Businesses", posting on the Los Angeles County Office of Small Business website and posting the RFP on the DPSS website. In response, 55 organizations requested the RFP and seven (7) proposals were received.

Through this RFP, South Atlantic Medical Group (SAMG) was selected to service three (3) regions and WATTS Health Foundation (WHF) was selected to service five (5) regions. Subsequently, WHF withdrew their bid, resulting in the release of another RFP for the five (5) remaining regions.

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CONTRACTING PROCESS (Continued)

Request For Proposals (RFP) #Admin 02-01

In January 2002, DPSS released a subsequent RFP to solicit a Contractor to service the remaining five (5) regional areas.

Again, interest in the RFP was generated through advertisements in twelve (12) newspapers, including publications targeting minority communities, mailing Letters of Interest to 452 potential bidders, including firms listed in the "County of Los Angeles Directory of Minority and Women-Owned Businesses", posting on the Los Angeles County Office of Small Business website and posting the RFP on the DPSS website. In response, 28 organizations requested the RFP and six (6) proposals were received.

QTC Medical Group (QTC) was ranked the highest proposer overall for three (3) regions: Region II (Wilshire Special/Rancho Park); Region III (South Special); and Region IV (Metro Special).

For this RFP, South Atlantic Medical Group (SAMG) was ranked the highest proposer overall for the remaining two (2) regions: Region V (Glendale/Pasadena) and Region VIII (Lancaster/San Fernando Valley).

As a result of the two RFPs (#Admin 01-01 and #Admin 02-01), SAMG will service five (5) regions and QTC will service three (3) regions.

IMPACT ON CURRENT SERVICES

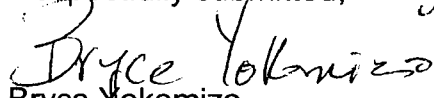
The award of these contracts will not infringe on the role of the County in its relationship to its residents and the County's ability to respond to emergencies will not be impaired. There is no change in risk exposure to the County.

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CONCLUSION

The Executive Officer, Board of Supervisors, is requested to return one (1) adopted stamped Board Letter and four (4) original-signed copies of each contract to DPSS.

Respectfully submitted,


Bryce Yokomizo
Director

BY:dk

Enclosures

c: Executive Officer, Board of Supervisors
Chief Administrative Officer
County Counsel
Auditor-Controller
Department of Health Services

ATTACHMENT I

**PROPOSITION A CONTRACTING
COMPARISON OF ESTIMATED AVOIDABLE COSTS
TO THE COST OF CONTRACTING EMPLOYABILITY SCREENINGS
(July 1, 2002 through June 30, 2004)**

COUNTY COSTS

Direct Costs

- | | |
|--------------------------------|-------------|
| • Salaries: | \$5,344,789 |
| • Employee Benefits: | \$1,441,489 |
| • Supplies, Equipment, Leases: | \$1,135,872 |

\$7,922,150

CONTRACT COSTS

Direct Costs

- | | |
|--------------------------------|-------------|
| • South Atlantic Medical Group | \$2,766,277 |
| • QTC Medical Group | \$2,354,068 |

\$5,120,345

Estimated County Cost Savings: \$2,801,805